



## Passive Income: Earn \$500/Month From 1 Top Dividend Stock

### Description

Bad news everyone, Canadians love to spend. We continue to spend far more than we earn. According to Statistics Canada, the median after-tax income earned by households is about \$62,900 per year as of 2019. However, Canadians spend an average of \$68,980! That's \$6,080 *more* than what they actually earn, after taxes.

So, how are Canadians going to make up that significant amount of income lost? Even more concerning, how are Canadians going to have any savings if they're spending so much? The key: passive income.

### Passive income: savings *and* spending

Passive income is one of the best and easiest ways to bridge the gap between what you need to spend, and what you need to save. Whether it's a Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP) or anything else, passive income can create wealth even without investments moving an inch.

The key is to find the right investment. In the case of passive income, you want to find Canadian companies that produce a big dividend. As fellow Fool writer [Kay Ng](#) explains, "you're getting a big dividend if the stock yields 1.5 to two times the market benchmark's yield. The Canadian stock market yields about 2.55% at writing. So, a big dividend would yield 3.8% to 5.1%."

### A strong option

The Big Six Banks are some of the easiest places to find big dividends. In fact, most just boosted their dividends this past month. This comes with rising interest rates, coupled with inflation. The Big Six Banks did well during the pandemic, soaring back to pre-pandemic levels and beyond within a year. Yet passive income remained stagnant.

This includes **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). TD stock is one of the largest banks by

market [capitalization](#) at \$176 billion, as of writing. It's also one of the most [diversified](#), with large exposure to the U.S. In fact, it's started to close some of its U.S. locations despite its success, now focusing on its online presence.

TD stock also has the most credit card partnerships, and loan repayment plans. Both of these were impacted by the pandemic in a positive way. This allows the company to bring in wealth no matter what financial background you have. This year was great for banks like TD stock, and it still could be great in 2022 with up to \$19 billion on the books for investment. Next year may be more muted, and so will the future. That's why you should really be paying attention to its 13% dividend boost for passive income seekers.

## Bring on the passive income

TD stock offers investors a dividend yield of 3.67% after its recent dividend boost. To bring in \$500, it would take a significant investment. You would need to purchase 1,685 shares for a grand total of \$163,483 as of writing. Now, you don't have to do this right away. If you wanted, you could start with a smaller amount and reinvest your passive income to get to that level. That way, you keep your funds safe, bulk up savings, but have it available in the event of a downturn.

In this case, let's say you could invest \$25,000 today and reinvested your dividends along the way. Then, you saw the average historical growth of the last two decades. As of writing, you could reach a portfolio of \$164,330.72 in 12 years. If you continue to invest, within 20 years you would have half a million dollars.

How's that for savings?

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

### PP NOTIFY USER

1. alegatwolfe
2. gsmiley

**Category**

1. Dividend Stocks
2. Investing

**Date**

2025/07/17

**Date Created**

2022/01/04

**Author**

alegatwolfe

default watermark

default watermark